

OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	
	)	No. D06-275
AMERICAN RESOURCES	)	
INSURANCE COMPANY,	)	ORDER TO CEASE AND DESIST
	)	
An Unauthorized Insurer, and	)	
	)	
MICHAEL BRADY,	)	
	)	
Individual Respondent	)	

Pursuant to RCW 48.02.080 and RCW 48.15.023, the Insurance Commissioner ("OIC") orders the entity and the individual named above and their officers, directors, trustees, agents, employees and affiliates ("Respondents") to immediately cease and desist from:

- A. Engaging in or transacting the unauthorized business of insurance in the State of Washington, including providing reimbursement coverage on motor vehicle service contracts issued in Washington;
- B. Seeking, soliciting, pursuing, and/or obtaining any insurance business in the State of Washington and from participating, directly or indirectly, in any act of an insurance agent or insurance company in seeking, soliciting, pursuing, and/or obtaining any insurance business in the State of Washington;
- C. Soliciting Washington residents/businesses to sell or purchase any insurance product;
- D. Soliciting Washington residents/businesses by e-mail, facsimile (fax), telephone, mail or any other means to induce them to purchase any form of insurance product; and from
- E. Offering to Washington residents any coverage for any form of insurance without submitting to examination by the Insurance Commissioner to determine the organization and solvency of the person or the entity offering such insurance, and to determine whether or not such person or entity complies with all applicable provisions of the Insurance Code.

THIS ORDER IS BASED ON THE FOLLOWING:

1. American Resources Insurance Company ("ARIC") is an Alabama corporation headquartered in Mobile, Alabama that sells motor vehicle service contract reimbursement insurance. ARIC is not authorized to transact the business of insurance in Washington State.

2. Michael Brady is an officer of ARIC.

3. Respondents have issued motor vehicle service contract reimbursement insurance and transacted the business of insurance in the State of Washington affecting subjects located wholly or in part in Washington and to be performed in Washington since October 1, 2005.

4. Respondents have not been granted a certificate of authority to act as an insurer in Washington, nor are any of Respondents licensed as insurance agents or brokers in this state. Respondents have not submitted to OIC any appropriate certificate, license, or other document issued by another agency of this state, any subdivision thereof, or the federal government permitting or qualifying Respondents to provide such coverage in this state. Respondents also have not registered with the OIC as risk retention or risk purchasing agents, nor have they transacted insurance through a licensed surplus lines broker in this state.

5. By letter to ARIC dated January 30, 2006, the OIC explained the requirements of RCW 48.96.

6. ARIC responded by letter dated February 2, 2006, stating that it had not and would not issue reimbursement policies covering any of Ultimate Warranty's service contracts in Washington, acknowledging that to do so would violate Washington law.

7. ARIC allegedly provided motor vehicle service contract reimbursement coverage for 4,671 motor vehicle service contracts in Washington State between January 1, 2005 and August 31, 2006. Between October 1, 2005 and August 31, 2006, ARIC allegedly paid 770 claims on behalf of Ultimate Warranty's service contract holders in Washington.

8. Respondents' above-described conduct violates RCW 48.15.020, RCW 48.96.020, RCW 48.96.060 and RCW 19.86.020.

IT IS FURTHER ORDERED that Respondent replace all insurance improperly issued by an unauthorized insurer covering Washington state risks with a policy issued by an authorized insurer pursuant to RCW 48.15.020. Respondent shall fulfill the terms of contracts formed prior to the effective date of this Order pursuant to RCW 48.15.020(2)(b) until such contracts are so replaced.

Any violation of the terms of this Order by Respondent, its officers, directors, agents, or affiliates, will render the violator(s) subject to the full penalties authorized by RCW 48.02.080, RCW 48.15.023, and other applicable Code sections.

Respondent has the right to demand a hearing pursuant to chapters 48.04 and 34.05 RCW. This Order shall remain in effect subject to the further order of the commissioner.

THIS ORDER IS EFFECTIVE IMMEDIATELY and is entered at Tumwater, Washington, this 22<sup>nd</sup> day of September 2006.

MIKE KREIDLER  
Insurance Commissioner

By: Marcia G. Stickler  
Marcia G. Stickler  
Legal Affairs Division  
Office of Insurance Commissioner  
State of Washington

**DECLARATION OF MAILING**

I declare under penalty of perjury  
under the laws of the State of  
Washington that on the date listed  
below I mailed or caused delivery  
of a true copy of this document to

Americaw Resources; Michael  
DATED this 20<sup>th</sup> day of Brady  
September 2006  
at Olympia, Washington.

Signed: Jodie Thompson